

# FINANCIAL POST

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## Lingo spreads the word

**Barry Critchley, Financial Post**

Lingo Media Corp., a small Toronto company that has been selling textbooks in China for more than 15 years, continues to develop its capacity in English-language teaching.

Lingo (LM/TSX-V) is expected to announce today that it has acquired U.K.-based ELL Technologies, a company that has been around for a dozen years, operates in 11 countries (including China) and defines itself as an English-language multi-media and online training company. Lingo Media purchased ELL from SCP Partners, a U.S.-based private equity investment firm. (One of SCP's other investments is AMG Advanced Metallurgical Group, the largest shareholder in Timminco, a one-time shining star that's now a penny stock.) The ELL purchase cost Lingo Media one million shares (with limits on when those shares can be sold), US\$765,000 in cash and some royalties based on net revenues.

"The acquisition expands us into 10 additional countries, continues our strategy of buying undervalued assets in the English-language learning space and helps move us from a product-development company into a sales and distribution company," said Michael Kraft, chief executive. Kraft, a director of the Canada China Business Council, added ELL has invested more than US\$15-million in developing its e-learning infrastructure. "We got a hell of a deal. It leapfrogs us and we have a proven product," he said, adding ELL uses distributors in the markets in which it operates.

Purchasing ELL Technologies is Lingo Media's second acquisition in the past nine months. Last September it bought the assets of Parlo.com, a 10-year-old company that provides online English-language courses. Lingo relaunched Parlo.com as the platform for its new, fee-based, English training and assessment business in China. At the time, Lingo said the fee-based training solution "will provide interactive lessons with a virtual teacher as well as online assessments and comprehensive reporting management system to gauge employee and student skill levels and progress."

Lingo began English-language teaching in 2007 when it bought Speak2Me Inc. from its Taiwan owners. Since then, Speak2Me has been revamped and now provides free online English-language instruction in China. Its system uses speech-recognition technology and provides more than 350 targeted language lesson modules involving interactive conversations with a virtual teacher.

But Lingo has also set itself up for ventures elsewhere. In 2008, shareholders approved a US\$5-million investment from Orascom Telecom, one of the world's top 10 cellphone providers. Orascom is now Lingo Media's second-largest shareholder.